

Beshear Tax Amnesty Proposal

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In order to help balance the state budget, Gov. Steve Beshear proposes to offer a tax amnesty and enhanced collection program that will net approximately \$61 million for the Commonwealth.

The proposed budget provides for more compliance and collections staff in the Department of Revenue to pursue outstanding tax bills.

Who: All delinquent taxpayers or non-filers who owe money to the Department of Revenue are eligible for tax amnesty, except for individuals currently under tax-related criminal investigation. Taxpayers currently residing out of state are also eligible for this amnesty.

What: Amnesty offers businesses and individuals an opportunity to file and/or pay outstanding tax debt with reduced interest, avoiding penalties, fees, or prosecution. Taxpayers will pay the tax due and only one-half of the interest due.

When: The tax amnesty period, to be announced at a later date, will occur in FY 2013.

Why: Tax amnesty programs have proven successful for states in generating revenue and supplementing budget shortfalls, especially during times of economic recession.

Post-Amnesty Provisions

- Any unpaid tax debt after amnesty will be subject to 2 percent additional interest.
- Significant additional delinquent collection fees will be assessed for those who were eligible for but did not take advantage of the amnesty period.
- Delinquent taxpayers who have not made payment arrangements will be denied professional and occupational license applications or renewals.
- Delinquent taxpayers who have not made payment arrangements may not be able to renew their vehicle registration or professional and occupational licenses, and initial applications will be denied.
- Existing personal liability provisions for trust fund taxes will be extended to apply to the members and managers of an LLC and partners of a limited liability partnership for Motor Vehicle Usage and Coal Severance Taxes.

History of Tax Amnesty Programs

Previous KY Tax Amnesty Generated Tens of Millions of Dollars for the State. In 2002, the Commonwealth's two-month amnesty program netted approximately \$40 million in new and accelerated money. Nearly 19,800 tax returns and more than 1,100 amendments were filed by delinquent taxpayers.

Almost All States Have Enacted Tax Amnesty Programs. Since 2000, 40 states and the District of Columbia have offered some type of amnesty program.

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